

A call for innovation

Not all global travel retailers take the toy sector as seriously as they should, much to the frustration of suppliers. However, there are plenty of rewards for those who innovate. **Andrew Pentol** reports.



Dubai Duty Free reported progress in the toy category in the second half of last year, and is expecting further growth in 2015

The debate continues as to whether the global duty-free and travel-retail toy segment is receiving sufficient exposure and is likely to rumble on for the foreseeable future.

Realistically, the toy segment will never bridge the gap on its core liquor, tobacco, fragrances and confectionery counterparts. But there is no reason why it cannot and should not raise a few eyebrows and stretch the boundaries of innovation where possible.

The opening of the dedicated Qatar Duty Free Bumble Tree toy store at the new Hamad International airport last year, where staff are on hand to drive sales and add an interactive element to the shopping experience, and the more recent unveiling of LS Travel Retail's second Kaboom toy shop in Singapore Changi terminal three, are significant steps forward. The children's category is also well represented in the new Dublin airport terminal one The Loop mall where

Aer Rianta International (ARI) runs a Candy Cloud concept.

The toy industry has experienced an average 4% global growth since the second half of 2014. Experts are predicting 3% growth come the end of the year due to product innovation and strong line-up of movies including the next installment of *Jurassic World* and latest *Star Wars* episode. Manufacturers such as Lego, Mattel and Hasbro are sure to capitalise on the release of these movies, meaning plenty of excitement for children throughout the year.

Q2 progress

Following a worldwide slowdown in the toy industry in 2013, travel retailer Dubai Duty Free (DDF) reported progress in the category in the second-half of last year. With recent strong-selling toys from movie merchandise such as Lego, Disney's Frozen, Transformers and Big Hero 6, DDF is predicting a brighter outlook in 2015.

DDF vice-president purchasing

Saba Tahir tells *DFNI*: "Since kids these days are computer-savvy and most are always on social media sites, retailers have offered a collection of tablets and other electronic devices with samples for young passengers to experiment and play with.

example, are a great way for gamers to try and buy products. Catalogues should be available to present the latest product ranges for toys and television monitors to showcase the latest movie merchandise. Tahir comments: "A child-friendly

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Dubai Duty Free vice-president purchasing

"We at Dubai Duty Free prefer conventional displays as allowed by airport authorities. We have plans this year to open shops and stands giving equal opportunities to gift seekers and travelling children seeking instant fulfillment."

Demo machine models, for

environment includes safe and reachable gondolas, toys that do not contain hazardous materials and sharp edges and visuals or advertisement content safe for children to view. The main challenge is ensuring the products are always safe and follow airport security guidelines."



Travel-retail exclusives and packaging are key focuses for Travel Retail experts

Panama-based travel retailer Motta Internacional, which limits itself to a selection of electronic games and Lego and Hasbro products, believes the toy category remains "far behind" other segments as far as airport facilities and stores are concerned. Motta Internacional CEO Erasmo Orillac said there was plenty to be done to make the sector more innovative. "To begin with, there should be more airport areas dedicated to children and families. No airport does this well enough because it is expensive and does not produce revenue. Airports need playgrounds with surrounding stores dedicated to children and families."

Some retailers have been embracing innovation within the children's sector for some time through dedicated areas and visual concepts. Others must work closer with suppliers and consider the products they can offer. The Wandering Monkey director Jonathan Corbett, whose company has business within the travel-retail and duty-free

marketplace, says: "The suppliers of children's products to travel-retail understand the market place and have access to a variety of new products. Retailers should make the most of this."

Outside the box

Interaction and keeping on top of trends in the market is vital in making the category more innovative, emphasises Corbett. "Children and teenagers are more product and tech-savvy than ever. In order to be more innovative, retailers need to take this into consideration."

"The difficulties come with margin and space requirements, making some of the best products in the market not viable for travel-retail. It may be that we all have to think outside the box to make these products a reality in travel-retail locations."

Swiss company Travel Retail Experts (TRE), which counts on the gifting character of its kid's

range—children's perfumes and WWF Plush toys which are made especially for travel-retail—highlights the importance of travel-retail exclusives and packaging as tools for innovation. TRE director Lutz Natonek tells *DFNI*: "It is very important to work with travel-retail exclusives as consumers expect products/sets that are not available on local markets. Packaging is also important and we carefully follow the actual trends. The new Minions movie, for example, comes out in July and we will launch the corresponding perfume at the same time in travel-retail."

Aurora World travel-retail sales manager Garry Stoner offers his view on the state of the category from an innovation and more general perspective. He says: "If you look at the domestic market and see what many toy brands are doing and how this is being implemented in travel-retail there is clearly still a long way to go. There are some exceptions like the Qatar Duty Free Bumble Tree store and some

of the toys offered by DDF, but there is no doubt plenty of work to be done."

Stoner said there are retailers, which took toys seriously, but there were others, which for one reason or another didn't see kids as a category to get excited about. "Maybe they tried it in the past and failed," he says. "Part of our job is to look at opportunities where operators are not doing a good job with toys because it is not their focus and try to come up with solutions."

He adds: "We try to use some of what we have learnt from the domestic market and implement this with a bit of fine-tuning in travel-retail. Where we do this in-sync with travel retailers, sales are very good. We just have to make it easy for travel retailers because we are under no illusion that toys as a category is on the agenda for most operators but pretty low down."

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Lutz Natonek
TRE director

Stoner acknowledged to *DFNI* that retailers spent most of their time on the big hitters such as liquor, fashion, perfumes and cosmetics, but urged them to carefully choose which brands to work with instead. "The brands are the experts. Where travel retailers choose the right brands to work with it is happy days. Where that relationship doesn't exist it is much more difficult."

Going forward, the key element is implementation. Brands such as Aurora World have a decent understanding of the restrictions facing operators and agreeing a range of products to be sold in an airport is not difficult. Stoner explains: "The hard bit is implementation and ensuring detailed displays do a good job. Travellers have their own wish-lists with toys probably not part of so it is not surprising that 93% of sales on last count were on impulse."



Detailed displays are important for companies such as Aurora World

Focusing on the children's segment from a product, presentation and innovation point of view is a priority, but the teenage sector, which is a growing market, must not be ignored. The Wandering Monkey's Corbett says: "The teenage market presents a real opportunity for cross-over products. Fragrance and cosmetic companies are targeting a younger market, as are the technology sector providers. Retailers should approach this market as a revenue opportunity that can complement the rest of their range and introduce teenagers to new products for future spending opportunities."

Franchise power

DDF's Tahir believes retailers are giving a different focus to the teenage sector where the trend has been about movies and latest gadgets. She explains: "Social media plays a significant part in determining what is trending on YouTube, Facebook and Twitter. Last year saw the peak of Loom bands and Disney Frozen merchandise. Retailers and suppliers can target a franchise and build the sale or brand around the franchise, like Hello Kitty, Disney's Frozen for girls, Star Wars and Marvel Avengers for boys."

Motta's Orillac, however, played down the role of the teenage sector. He says: "It is not the main target. Teens do not have disposable income, while children have their parents. Teens also have very specific tastes that change on a regular basis."

“ The teenage market presents a real opportunity for cross-over products ”

Jonathan Corbett

Wandering Monkey director

Taiwanese retailer Tasa Meng, which operates a 140sq m toy shop at Taoyuan International airport offering a variety of educational toys, brick sets, model cars, dolls, puppets, games, backpacks for children, stationery and chocolate candies, believes targeting the teenage segment is easier said than done. A spokesman says: "We need to search for merchandise to attract customers in this segment."

Aurora's Stoner adds: "Ultimately



Taiwanese retailer Tasa Meng operates a 140sq m toy shop at Taoyuan International airport

more teenagers have money than small kids. Again, there is a distinction between boys and girls. Boys will go more for the techie stuff. Girls may be a bit more traditional and look for less techie items and more traditional toys which is what we find."

Clear merchandising to distinguish between teenage and kids' sections in-store is vital. He comments: "If there is a given amount of space you need to merchandise it clearly so it is obvious which areas are for teenagers and kids. It has to be clear to consumers exactly what they are looking at."

Impulse buy

Whether, children, teenagers or both are the main focus in-store, interactivity helps drive sales. Consumers are shopping in an impulse environment. They do not have time to research and find out about products as they do on the high-street. The Wandering Monkey's Corbett remarks: "They are also often concerned that if they buy the wrong product or don't understand it then the likelihood is they will be unable to return it or want to go through the hassle of trying to do so after they have returned home."

By making products interactive and demonstrating them, consumers can buy with confidence and understand exactly what they are doing. This in turn will increase sales. "In the past with The Wandering Monkey, where we have had products that have been demonstrated, our sales have always increased."

DDF is a great advocate of interactivity in-store, but suggests the role of staff is more significant in taking the category to the next level. Tahir explains: "The toy shops we have are still interactive, but it gives great influence if the sales staff working in the toy category know the customer and product impulse."

"We do have samples on the shelves, allow passengers to open boxes and use the content to trial products, but the best influence is still the sales staff doing one-on-one interactions with the passenger while having the product on hand. With staff giving full attention to customers' needs, the average time a shopper has is spent wisely."

Not all retailers, however, attach the same importance to interactivity. Motta Internacional's Orillac prefers to highlight the problems and challenges

associated with the segment. "Toys require a lot of space and it is difficult to obtain an adequate return. Airports need to learn that they cannot get the same return from all categories and that they need to provide a balanced shopping environment."

More faith

He refutes suggestions more staff should be available in-store to demonstrate products. "Children today do not need instructions," he says.

Many believe the toy category is under-represented in travel-retail and duty-free for one reason or another, but unfortunately this has long been the case. In locations where it is offered, retailers and suppliers must concentrate on working together to make it as innovative as possible. There is work to be done on this front and retailers and suppliers must have faith in each other to make this possible. **DFNI**



Children's perfumes is a key part of Travel Retail Experts' travel-retail range